



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

Water Quality Board
Ray M. Child, *Chair*
Douglas E. Thompson, *Vice-Chair*
Paula Doughty
David F. Echols
Neil K. Kochenour
Darrell H. Mensel
Dianne R. Nielson
Jay Ivan Olsen
Joe Piccolo
Gregory L. Rowley
Ronald C. Sims
Walter L. Baker,
Executive Secretary

JON M. HUNSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

5/019/059

RECEIVED
SEP 20 2005
DIV. OF OIL, GAS & MINING

September 10, 2005

Mr. Page van Loben Sels
Earth Energy Resources, Inc.
8013-110 Street
Grande Prairie A.B. T8W 6T2
Canada

Subject: Oil Extraction from Oil Sands – Pilot Plant

Dear Mr. van Lobel Sels:

This letter is following up our conversations of 6th September 2005 and the one with Mr. Barclay Cutberth regarding beginning pilot plant operation for oil extraction from oil sands at Leonard Murphy No. 1 Mine, in Grand County, Utah. The proposal was received via electronic mail on 2nd September followed by additional information on 9th September 2005.

Based on our review, the pilot plant operation may begin from 20th September 2005 through 30th November 2005, subject to the following conditions:

1. Any extension to operating period must be approved no later than 15th November 2005.
2. A minimum of two toxicity leaching procedure tests must be conducted on spent tar sand samples at least once a month until the operation is terminated, and once before termination.
3. Spent tar sand must be stored in a geo-membrane lined area only.
4. The Division of Water Quality must be notified of pilot plant termination within seven days of termination in writing.

The patented Ophus process will be used to extract oil from tar sand using a catalyst to react with water-sand slurry in elevated tanks. Approximately 500 tons of sand will be processed per day. At the site, 1000 barrels of water will be stored for the process. There will be a loss of 50 barrels of water per day in the process. Water will be separated from hydrocarbons using a centrifuge. A distillation unit will recover the catalyst.

An earthen berm will act as a secondary containment below elevated tanks.

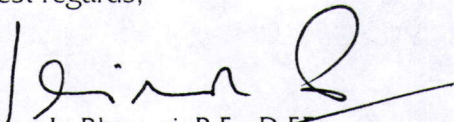
Letter to Erath Energy Resources, Inc.
10 September 2005
Page 2 of 2

A liner is recommended to be placed over the secondary containment area.

The Division must review any change in the process information submitted to gain this approval. This approval does not relieve you in any way of your obligations to comply with other federal, state and local requirements. Please contact Claron Bjork, Ph.D., Southeastern Utah District Health Department. Before beginning full-scale production, please schedule a predesign meeting for permitting requirements.

If there are any questions, please let me know.

Best regards,



Kiran L. Bhayani, P.E., D.EE.
Manager, Design Evaluation Section

cc: Claron Bjork, Ph., D. Southeastern Utah District Health Department
Mr. David Ariotti, P.E., Utah Dept. of Environmental Quality
Ms. Susan M. White, Utah Division of Oil, Gas and Mining

EARTH ENERGY RESOURCES PILOT PLANT 10SEP2005
06:20 10SEP2005:KLB
FILE: EARTH ENERGY RESOURCES, INC.